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SUBJECT: ETHIOPIA: REPORT ON FISCAL TRANSPARENCY

REF: STATE 28885

SUMMARY

¶1. (SBU) This cable presents post's response to reftel questions on Ethiopia's fiscal transparency and direct USG foreign assistance. END SUMMARY.

¶2. (SBU) The Government of Ethiopia (GoE) is poised to receive U.S. foreign assistance using FY 09 funds. While the overwhelming majority of U.S. foreign assistance to Ethiopia will not be channeled through, or benefit, the central government, the following types of assistance are directed at the central government. Post continues to support technical assistance to the Ministry of Trade to support the GoE's accession to the WTO. We plan to continue an ongoing capacity building program aimed at improving the operations of Parliament as well as another with the Supreme Court that will bolster judicial independence. International Military Education and Training (IMET) will provide instructors for the Ethiopian Defense Command and Staff College and Foreign Military Financing (FMF) will provide assistance to the Ethiopian military to enable it to participate in international peacekeeping operations.

¶3. (SBU) Ethiopia's budget information is regularly published and disseminated at the direction of the government. The budget and its details are available in hard copy in the newspaper Negaritte Gazette and on the internet at the Ministry of Finance and Economic Development (www.moafed.org/budget.asp). However, Ethiopia does not have specific laws or regulations governing the public disclosure of revenues and expenditures in national budgets. There are no independent auditors of government budget data, so information is taken at face value.

¶4. (SBU) The bulk of the data published by the GoE is accurate and all official revenues and expenditures are included in the published budget. However, there are some questions surrounding the methodology that the GoE employs to aggregate and present its fiscal data. For example, there continues to be a number of extra-budgetary and parastatal institutions, such as the endowment companies formed when the current regime took power, whose budgets are not included in the national budget. Additionally, revenue-generating public institutions (such as state-owned Ethiopian Airlines) are not

included.

[15](#). (SBU) Ethiopia does not report to the IMF on their compliance with standards and codes covering fiscal transparency.

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